

Good Morning Chairman Bieda and Members of the House Tax Policy Committee,

I am Dawn Crandall, one of the lobbyists for the Michigan Association of Home Builders. Thank you for the opportunity to speak on the various tax plans. I want to begin stating the Michigan Association of Home Builders has not taken a position on any of the tax plans – either those introduced or those in concept.

What we have done is put in the hands of our members the tax calculator which Charlie has been so great in sharing. While our association is the Michigan Association of Home Builders, our membership is diverse. Within our membership comprised of builders we have members who build anywhere from 1 to five homes, to the larger builders like Pulte.

The Michigan Association of Home Builders also has Associate members who are comprised of insurance companies, window companies, banks, basically anything that enters into the home building industry.

As I mentioned we have been getting the tax calculator to as many of our members as possible. The findings seem to be consistent. Under SB 151, many of our members see an increase in their SBT and Personal Property Tax liability. In many cases it is double.

Looking at the Grand Rapids Chamber plan, our members see a large increase in their tax liability.

Moving to the Michigan Business Tax plan (as introduced last fall) our members generally saw a decrease in their tax liability although not as much as a decrease our members see under the Senate Republican plan.

I have provided three examples of how the various plans affect our members. The first example is of a Residential Home Builder – this member happens to be one of our larger members in the Lansing area. When comparing their tax liability of last year (SBT + PPT) you can see they paid \$26,778.00. Now look at the comparison numbers under the various plans. Under the MBT their tax liability drops to \$18,264.94, they are not eligible for the APT, Under the Michigan Chamber Plan (2) their liability increases to \$67,595.49, under the Grand Rapids Chamber they increase to \$93,657.07 and under the Senate GOP Tax Plan their liability decreases to \$3,155.12.

Under the second example of a smaller residential builder whose tax liability last year was \$3540.06. Under the MBT their liability drops to \$1857.82. Under the MBT they would have no liability, under the Michigan Chamber plan (2) it goes up to \$4722.35, under the Grand Rapids Chamber Plan their liability goes up to \$4592.98 and under the Senate Plan their liability drops to \$218.04.

The third and final example is of a Residential Remodeling company. Last year they paid \$1774.00 in tax liability. Under the MBT their liability goes down to \$1217.23 and they would have no liability under the MBT APT calculation. Under the chamber plan they

also see a drop to \$1069.83, under the Grand Rapids plan they see and increase to \$3107.94 and under the Senate plan their liability drops to \$61.82.

As I mentioned at the beginning of my testimony the MAHB is still in the information gathering stage on all the tax plans. I am sure our legislative committee will have much debate and discussion on each of the individual plans based on their individual merits and based on which plan does the least amount of harm to the home building industry.

Again, thank you for the opportunity to discuss the various plans and provide examples of the effect they each have on our members.

NFIB Michigan Tax Plan Calculator version 6.2

Type of Business: Residential Home Builder

Enter the information in highlighted cells only.
Cells with red triangles in the corner will show notes when cursor placed on cell

Annual Gross Receipts	14,018,142.00	If your business is wholesale or retail
Total Assets	3,936,565.98	enter an "X" in this cell -----> <input type="text"/>
Total Liabilities	3,241,782.23	
Inventory	3,113,402.96	
Cost of Goods Sold	0.00	<---- Go to GRChamber COGS tab for this value
Purchases from other firms	0.00	
Business Income	210,341.40	If you are a sole proprietor with no employees
Personal Property Tax paid	8,854.00	enter an "X" in this cell -----> <input type="text"/>
Single Business Tax Paid	17,924.00	
Owner Income	210,341.40	If you are a manufacturer / industrial business
		enter an "X" in this cell -----> <input type="text"/>

Gross Receipts are over \$10,000,000 you do not qualify for the Alternative Profits Tax (APT)

Tax Plan Comparisons

PPT=Personal Property Tax

Michigan Business Tax:

**NOTE: Important additional
information on this plan can be
viewed by placing cursor here**

Compare to current
SBT + Personal Property Tax

Total MBT	22,337.78	
Less PPT cut	(4,072.84)	
Net MBT	18,264.94	26,778.00

***** Michigan Business Tax - Alternative Profits Tax *****

MBT / APT Calculation	Not eligible for APT	
Less PPT cut	Not eligible for APT	
Net MBT / APT	Not eligible for APT	26,778.00

Michigan Chamber Plan2

Total MChamber2	72,022.49	
Less PPT cut	(4,427.00)	
Net MChamber2	67,595.49	26,778.00

Grand Rapids Chamber Pln

>>> For this plan amount to be correct you must enter Cost of Goods Sold <<<

Total GRChamber	102,511.07	
Less PPT cut	(8,854.00)	
Net GRChamber	93,657.07	26,778.00

Senate Tax Plan

Total Senate Tax Plan	3,155.12	
Less PPT cut	Applies only to manufacturing	
Net Senate Tax Plan	3,155.12	26,778.00

NFIB Michigan Tax Plan Calculator version 6.2

Type of Business: Residential Construction

Enter the information in highlighted cells only.
Cells with red triangles in the corner will show notes when cursor placed on cell

Annual Gross Receipts	1,445,841.00	If your business is wholesale or retail
Total Assets	553,136.00	enter an "X" in this cell ----->
Total Liabilities	360,993.00	
Inventory	0.00	
Cost of Goods Sold	571,836.00	<---- Go to GRChamber COGS tab for this value
Purchases from other firms	0.00	
Business Income	14,536.00	If you are a sole proprietor with no employees
Personal Property Tax paid	1,962.06	enter an "X" in this cell ----->
Single Business Tax Paid	1,578.00	
Owner Income	42,871.53	If you are a manufacturer / industrial business
		enter an "X" in this cell ----->

Gross Receipts are less than \$10,000,000 you may qualify for the Alternative Profits Tax (APT)

If you want to calculate your tax liability under the APT, and your owner income to any owner is greater than \$95,000 but less than \$115,0000 enter that amount in the Owner Income cell

Tax Plan Comparisons

PPT=Personal Property Tax

Michigan Business Tax:

**NOTE: Important additional
information on this plan can be
viewed by placing cursor here**

Compare to current
SBT + Personal Property Tax

Total MBT	2,760.37	
Less PPT cut	(902.55)	
Net MBT	1,857.82	3,540.06
*** Michigan Business Tax - Alternative Profits Tax ***		
MBT / APT Calculation	261.65	
Less PPT cut	(902.55)	
Net MBT / APT	(640.90)	3,540.06
Michigan Chamber Plan2		
Total MChamber2	5,703.38	
Less PPT cut	(981.03)	
Net MChamber2	4,722.35	3,540.06
Grand Rapids Chamber Pln		
Total GRChamber	6,555.04	
Less PPT cut	(1,962.06)	
Net GRChamber	4,592.98	3,540.06
Senate Tax Plan		
Total Senate Tax Plan	218.04	
Less PPT cut	Applies only to manufacturing	
Net Senate Tax Plan	218.04	3,540.06

NFIB Michigan Tax Plan Calculator version 6.2

Type of Business:

Residential Remodeling

Enter the information in highlighted cells only.

Cells with red triangles in the corner will show notes when cursor placed on cell

Annual Gross Receipts	801,725.00	If your business is wholesale or retail
Total Assets	220,026.00	enter an "X" in this cell ----> <input checked="" type="checkbox"/>
Total Liabilities	220,026.00	
Inventory	4,272.00	
Cost of Goods Sold	91,250.00	<---- Go to GRChamber COGS tab for this value
Purchases from other firms	0.00	
Business Income	4,121.00	If you are a sole proprietor with no employees
Personal Property Tax paid	280.00	enter an "X" in this cell ----> <input type="checkbox"/>
Single Business Tax Paid	1,494.00	
		If you are a manufacturer / industrial business
Owner Income	67,171.00	enter an "X" in this cell ----> <input type="checkbox"/>

Gross Receipts are less than \$10,000,000 you may qualify for the Alternative Profits Tax (APT)

If you want to calculate your tax liability under the APT, and your owner income to any owner is greater than \$95,000 but less than \$115,0000 enter that amount in the Owner Income cell

Tax Plan Comparisons

PPT=Personal Property Tax

Michigan Business Tax:

Compare to current
SBT + Personal Property Tax

Total MBT	1,346.03	
Less PPT cut	(128.80)	
Net MBT	1,217.23	1,774.00

*** Michigan Business Tax - Alternative Profits Tax ***

MBT / APT Calculation	74.18	
Less PPT cut	(128.80)	
Net MBT / APT	(54.62)	1,774.00

Michigan Chamber Plan2

Total MChamber2	1,209.83	
Less PPT cut	(140.00)	
Net MChamber2	1,069.83	1,774.00

Grand Rapids Chamber Plan

Total GRChamber	3,387.94	
Less PPT cut	(280.00)	
Net GRChamber	3,107.94	1,774.00

Senate Tax Plan

Total Senate Tax Plan	61.82	
Less PPT cut		Applies only to manufacturing
Net Senate Tax Plan	61.82	1,774.00